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- Especially in the Financial Services Industry: Five Enduring Truths of IT Management
- Human Resource Management - Financial Services vs. Cross Industry Sector
- Management Communication of Complex Risk Assessment

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Especially in the Financial Services Industry: Five Enduring Truths of IT Management

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Especially in the financial services industry, the expansion of the increasingly competitive, global marketplace and the demands to forge new forms of alliances and joint partnerships in a networked economy, increase the pressure on top management to deliver strategic advances of high value to their organizations. Beyond these pressures and reflecting the fundamental role of IT, technology is advancing at a rapid rate, forcing organizations to extend their technical infrastructure to allow an expanding number of entities to interact with their internal networks through emerging technologies. Nonetheless, despite all of the difficulties involved in developing and deploying technology that will inevitably constantly transform, there are elements of IT management that have always and will always remain constant amidst many shifting trends. I have termed these durable principles the five enduring truths of IT management. Throughout my experiences, I have seen that these truths as universal; therefore, I postulate they will be true in your organization as well. I offer these truths as prescriptions – suggestions for you to consider as you engage in the practice of IT. In doing so, I would argue that the following truths will always remain, regardless of the shifting tides of technology.

Truth #1: There is no such thing as a technology project, only business projects about technology.

One of the great mistakes I have seen in IT organizations is speaking to business counterparts merely in terms of technology and not the language of business. To be better understood, IT must speak using the appropriate terms of the function with which we are interacting and focus not on the technology itself, but what the technology allows the firm to do. No CEO cares how many multiprocessors the servers will have – executives care (as they should) on impact (a point that I will expand upon in a moment). Thus, all projects should *not* be viewed from the lens of technology, but through the prism of business. This focus must pervade the IT organization, from the programmers to the analysts, for every justification of a corporate dollar (and always should be) in terms of business enablement and not for the sake of technology alone.

What would your CEO say is the value that IT has created for your organization in recent memory? What great successes would you point to? While we all would like to say that IT is "strategic" or is inherently a "competitive advantage", we must not lose sight of the pathway to profitability that IT can enable through value-creation initiatives that influence the productivity of the firm. Techniques such as portfolio management can assist you to further understand this concept, but each project must have business implications and must have a champion in the local business unit that is driving the project. A business side advocate will sell your projects within the business unit and help you to mitigate the likelihood of push-back.

Giving lip service to user involvement will not yield the same type of positive results as having your champion engage his/her colleagues and ensuring success. The causes of IT success may be complex, but a constant is that business side champions always help you navigate the internal terrain of the local business units and will help you focus on the business economics of technology and not on the technology itself.

Truth #2: Success depends on the stakeholder.

Your organization may be on the bleeding edge of technology and your users may love you for it, but success depends on the perspective of the stakeholder you are trying to impress. Cost pressures will always plague IT development; users always desire reliability, uptime, and being consulted for change; and pressure will always be on your development staff to deliver the project within a reasonable time scope. Balancing the needs of each stakeholder is a time honored tradition that will continue with the next generation of technology; so, we must pursue internal business processes to measure the success of each of the stakeholders with which we interact (e.g. balanced scorecard) and put in place routines to adjust to meet our mark with the necessary stakeholder(s).

In doing so, IT must balance between politics and education. Consider the case of Federal Express – the CIO, along with a business champion, proposed a new system for the call-in operators. Other top executives resisted, so the CIO arranged for the other executives to work for an hour on in-bound calls. After an opportunity to see the system the operators were using, the executives quickly relented and the foundation was laid for the current system that Federal Express utilizes. The bottom line – do not underestimate the power of a little extra education to overcome resistance and to help you ensure the stakeholder-dependent definition of success, no matter the stakeholder. Share the IT vision and allow others to see the power of IT and help you to define success.

Truth #3: Follow the Leader.

The IT employees will follow how the CIO leads. This seems to be an obvious statement, but CIOs often become so focused laterally (i.e. on the executive team) that they forget the horizontal perspective. A CIO must serve many

masters, but those who are below you are watching and will follow where you lead them. What is your view on the business units? How you spend your time is a good indication of this – in my experience, CIOs that spend 50% of their time talking with those outside of IT and 50% inside lead IT organizations that have a pervasive view of their users as clients and attempt to meet expectations instead of just the bare minimum. IT culture matters and the CIO will always set the direction for how the employees should follow.

Truth #4: Fostering imagination and creativity of employees is a necessary, but difficult managerial challenge of balance.

You can call it what you like – thinking outside the box or creating a new paradigm – but, imagination and creativity has, time and time again, taken us to exciting new places with technology. The managerial challenge remains how to balance creativity with production. I think Google exemplifies how to achieve this balance – giving employees time off to work on projects of their own which then become the next product innovations. I believe that each of you hired employees that you believe in (otherwise you would not have hired them). I also believe that your employees believe in you (otherwise they would not still be working for you). So, with all of that given, we must find opportunities for our trusted employees to be given opportunities to exercise the imagination and creativity with which they are blessed. Not only will our employees be happier, but what they come up with will surprise and amaze us.

Truth #5: IT-Business Alignment Always Matters.

What is IT-business alignment?

According to Reich and Benbasat (Reich and Benbasat 1996) alignment can be defined "as the degree to which the information technology mission, objectives, and plans support and are supported by the business mission, objectives and plans". This definition focuses on alignment as a state or an outcome. Another research perspective focuses on the process of alignment and views alignment as a process "in which managers participate in the exchange of knowledge" (Kearns and Lederer 2003) (see also (Reich and Benbasat 2003). Alignment can affect organizational performance "by maximizing return on IT investment, by helping to achieve competitive advantage through IS, and by providing direction and flexibility to react to new opportunities" (Avison et al. 2004).

Five Enduring Truths of IT Management

1. There is no such thing as a technology project, only business projects about technology
2. Success depends on the stakeholder
3. Follow the leader
4. Fostering imagination and creativity of employees is a necessary, but difficult managerial challenge of balance
5. IT-business alignment always matters

Figure 1: Five enduring truths of IT management

The bottom line for IT management is to pursue alignment at all costs. The fact that alignment has been included in the top 5 most important issues in IT for years speaks to the importance of pursuing this end. To be honest, alignment is one of the most complex issues facing IT. Nonetheless, alignment must never be put behind other goals; it has been found that CIOs of successful firms find a point of synchronicity with other business units in order to run the entire organization as a well-oiled machine. The pursuit of alignment will never be fruitless, in so long as the journey engages your colleagues as you pursue an IT-enabled corporate strategy as well as IT-enabled business unit strategies. If we can find this intersection between IT/business unit strategy and the technologies needed to support that strategy, it is then that we will be on the pathway to IT-enabled profitability. The world of technology will always change and you can be sure that the generation behind us will live in a much different time than we. It is comforting to know that one constant is that things will always change. However, I would suggest that the practice of IT management is, in my mind, the most exciting and captivating profession, as it challenges us to find the nexus of imagination and creativity while balancing productivity as we enable our organizations through the power of IT and a well-aligned IT strategy.

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Andrew Schwarz and Rudy Hirschheim from the Information Systems and Decision Sciences (ISDS) Department at Louisiana State University and Cluster 1 of the E-Finance Lab (Prof. Wolfgang König, Dr. Tim Weitzel) are jointly working on a research project on IT-business alignment in German and the US banks.

Vertical Integration of Human Resource Organizations

EVIDENCE FOR AN INTEGRATED HR MODEL FOR FINANCIAL SERVICES AND THE CROSS INDUSTRY SECTOR IN GERMANY, AUSTRIA, AND SWITZERLAND.

MARK WAHRENBURG
ANDREAS HACKETHAL
LARS FRIEDRICH
TOM GELLRICH

Growing Market for HR Services

The decrease of vertical integration of HR organizations – in other words the outsourcing of HR services – seems to be a growing trend. The research company IDC estimates the HR services market worldwide to be USD 64,499 million in 2003 and projects it to grow to USD 104,684 million by 2008 (GAGR of 10.2 percent). Or – in other words – the HR outsourcing market is considerably large and is expected to grow at a low double digit growth rate. This impression of HR outsourcing as a major trend is further supported by the announcements of large deals in the past. The three largest announced HR outsourcing contracts for example are totaling USD 3,450 million in contract value to their service providers over the next ten years.

Research Framework

The basis of this paper is formed by the results of a detailed survey (more than 320 data points), analyzing structures, processes, and sourcing-practices of Human Resources departments. We analyzed companies in Austria, Germany, and Switzerland. We retrieved 42 analyzable questionnaires, an acceptable return rate of 8.4 percent. 13 companies belong to the Financial Services sector and 29 companies belong to the Cross Industry sector. Our study aims to analyze structures and processes of tomorrow's HR organizations and the factors that determine the level of vertical integration using a standardized well-proven HR model (see Figure 1). The model uses an employee life-cycle approach and differentiates between eight HR activities or sub-processes.

Data Sample

The average number of total company staff is 15,203 full time equivalents (FTE). The HR organizations employed 107 FTE (average); on average 6 FTE act in a manager role within the HR organization. The HR budget averages EUR 26.5 million. The total assets of the analyzed companies average EUR 74.5 billion. The Return-on-Equity (RoE) of the analyzed companies averages 1.13 percent, with a median value of 10.85 percent. The role of the interview-partner within the HR organization is either first (C-level) or second management level of the HR organization.

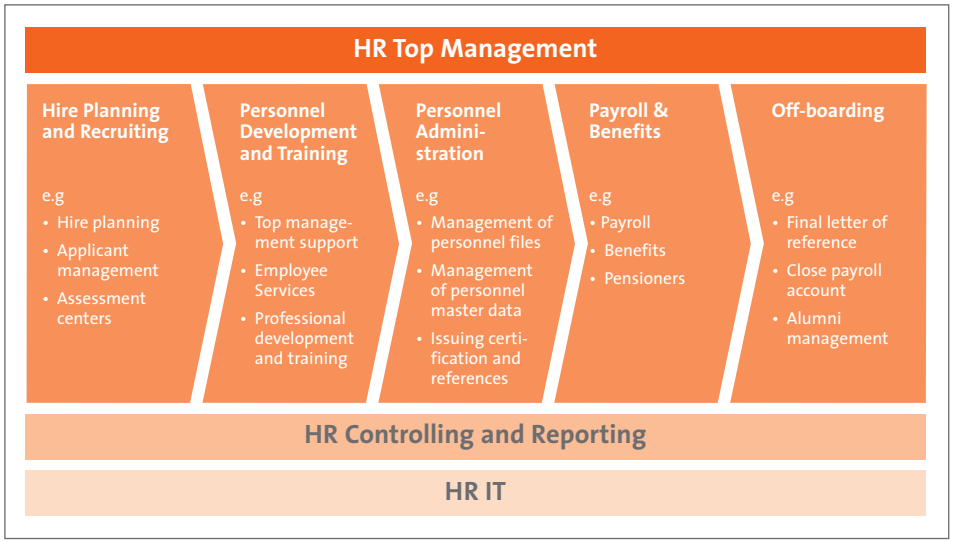

Figure 1: HR process model

Findings

High Vertical Integration

The participants categorized the degree of vertical integration of each HR process on a five-point-scale. The activity with the lowest vertical integration is 'Personnel Development and Training' (3.61), followed by 'HR IT' (3.83) and 'Payroll & Benefits' (4.33), the activities with the highest vertical integration are 'HR Top Management' (4.93) and 'HR Controlling and Reporting' (4.88), followed by 'Off-boarding' (4.83). The range between 3.61 and 4.93 indicates a considerable proportion of in-house production. Additionally, the results show that the companies from the Financial Services sector generally display lower means for vertical integration for all eight sub-processes compared to the companies from the Cross Industry sector. Further, for all activities the respondents perceive their own level of vertical integration as higher than the industry average.

Performance Gap

The participants of the survey also categorized the performance (with respect to process efficiency and quality) of their HR organization and compare it against the perceived industry average and third party providers. The majority of the respondents believe that the capabilities of their own HR department are "very good" or "good" (average 3.96). The own performance is perceived as being much better than the industry average (average 3.50) or the performance of third party providers (average 3.41). The processes with the highest in-house performance are 'HR Top Management' (4.26) and 'Payroll & Benefits' (4.29), followed by

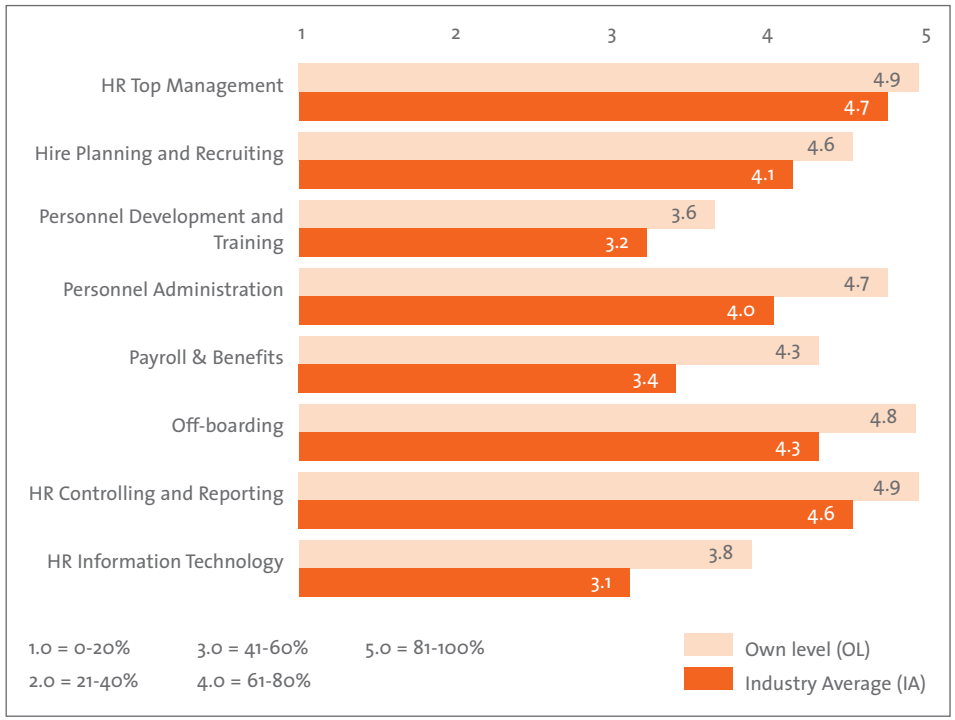

Figure 2: Vertical integration of HR process and perceived industry average

'Off-boarding' (4.17). The processes with the lowest in-house performance are 'HR Controlling and Reporting' (3.52), 'HR IT' (3.64) and 'Personnel Development and Training' (3.86). The high extent of in-house production seems justifiable by the perceived higher performance of the own HR organization. Respondents of the survey believe that their own organizational level of HR capabilities is outperforming the industry average as well as the services offered by external providers across all eight sub-processes. The activities with the highest performance gaps are 'Off-boarding' (difference of 0.71 to industry average, difference of 0.84 to external service providers'), 'HR Top Management' (difference of 0.54 to industry average, difference of 0.81 to external service providers'), and interestingly 'Payroll & Benefits' an activity that is deemed to be the major commodity process in human resources (difference of 0.49 to industry average, difference of 0.67 to external service providers). In general cross industry companies rate their own performance slightly higher than financial service providers.

Main Challenges

Despite the positive attitude toward the own capabilities most HR organizations face a high pressure to become more effective and – even more important – increase efficiency (85 percent of all financial services companies and 79 percent of all cross industry firms stated a high pressure for change and rationalization). The efficiency potential seems to be high, because the portfolio of modern HR concepts is

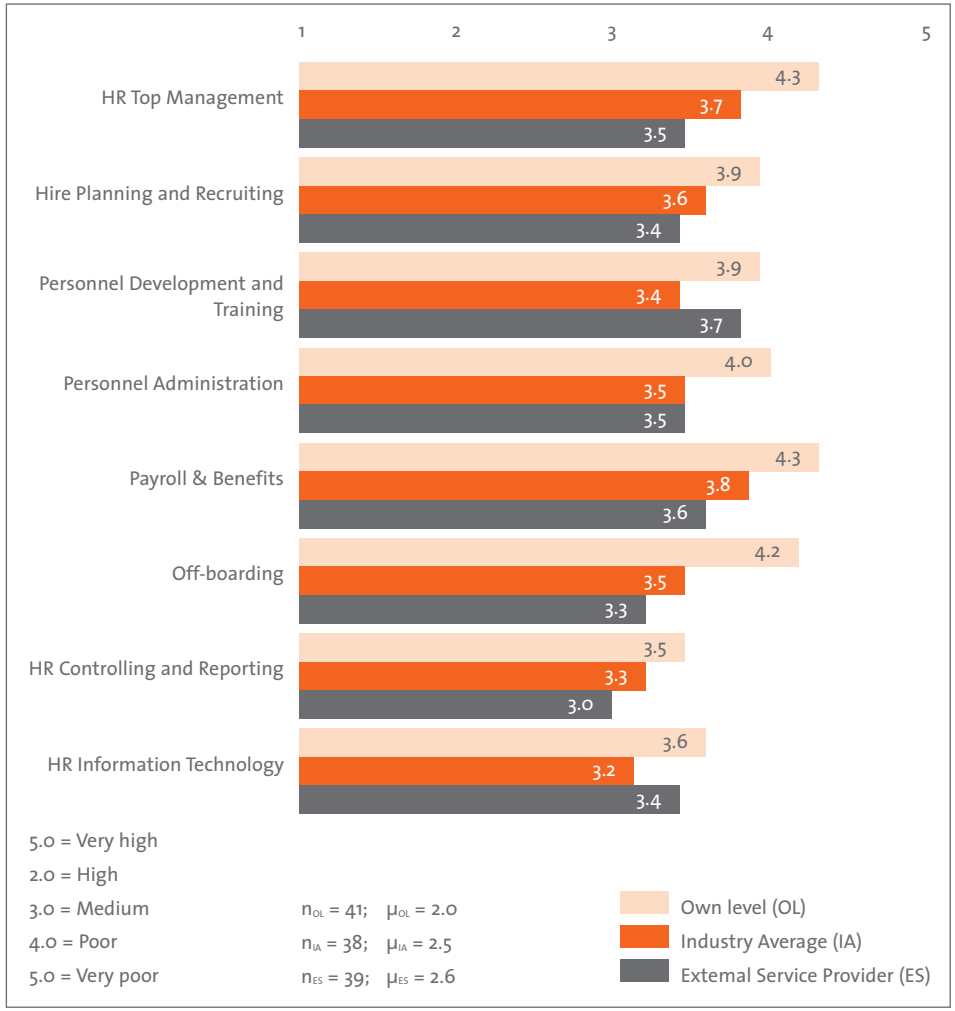

Figure 3: Process efficiency and quality – own processes, perceived industry average, and external providers

currently not utilized to its full potential. Indicators found in our analysis for this potential are (1) the low degree of process automation, (2) the low degree of process standardization, (3) limited use of employee and manager self services, (4) limited use of call center technologies, (5) limited use of modern management concepts, (6) limited use of service level agreements, and (7) limited integration of HR in the strategic decision-making.

Low degree of process automation – The proportion of manual work (in comparison to automated processing) is relatively high across all activities. On a five-point-scale with "1" representing a "very low" and "5" a "very high" proportion of manual work, the activities with the highest degree of automation are 'Payroll & Benefits' (2.20), 'HR IT' (2.69) and 'HR Controlling and Reporting' (2.81). The activities with the lowest degree of automation are 'HR Top Management' (4.19), 'Off-boarding' (3.90) and 'Personnel Development and Training' (3.52).

Low degree of process standardization – One reason for the relatively low degree of automation could be the poor level of standardization across all HR activities. On a five-point-scale with "1" representing a "very low" and "5" a "very high" level of standardization, the respondents state an average value of 3.30. Even services that should be relatively easy to harmonize have a rather low level of standardization: 'Personnel Development and Training' (3.19), 'HR Controlling and Reporting' (3.24), and 'Hire Planning and Recruiting' (3.31).

Limited use of employee and manager self services – Only a quarter of the HR organizations use Employee Self Services or Manager Self Services within their HR portal (24 percent, respectively 26 percent). In general most respondents stated that they currently use their HR portal to post static information (e.g., FAQs, HR policies) instead of offering transactional services

Limited use of call center technologies – Using a call center as a single point of contact can significantly increase the efficiency of an HR organization, but only 15 percent of all financial service providers respectively 17 percent of all cross industry firms have implemented such a technology to provide their HR services.

Limited use of modern management concepts (e.g. Balanced Scorecard) – The majority of all financial service providers (77 percent) does not use a Balanced Scorecard (or a comparable method) to manage their organization. Within the cross industry group this proportion is lower (54 percent), but still leaves enough potential for improvement. In addition nearly half of all respondents (40 percent) acknowledged that their organizations do not have any key performance indicators defined that could be reported regularly.

Limited use of service level agreements – Roughly two third of all companies (62 percent) do not use formal service level agreements between their HR department and the various business units of their company. Organizations that do have such service level agreements (33 percent) often lack a formal process to align these contracts with the changing economic environment and business requirements (55 percent). Consequently, not even half of the respondents (48 percent) are satisfied with the quality (i.e., completeness, accuracy, and timeliness) of their service level agreements.

Limited integration of HR in the strategic decision-making – Still many HR organizations see their current focus not on strategic but on administrative tasks (38 percent). The comparison of the two industry groups reveals considerable differences: Financial service providers seem to have a stronger strategic focus (23 percent believe their focus is of administrative nature) than cross industry companies (45 percent believe their focus is of administrative nature). Nevertheless companies expect from their HR organization strategic support, 64 percent of all companies integrate HR in the strategic decision-making of their organizations.

Barriers for transformational change

Decision-makers seem to be unsatisfied with the current allocation of resources regarding the services provided by their HR organization. Still too many HR professionals are occupied by administrative, low value-adding tasks. If this should be changed in the future, HR must restructure its organizational setup. But exactly this change could proof to be very difficult for most HR departments.

Low discretionary spend – The majority of the HR organizations (80 percent) spend only 0 to 10 percent of its budget on discretionary investments. In other words over 90 percent of the total budget is spend to operate the HR department as is.

Skill gap of current HR workforce – Most of the HR workforce is occupied by administrative tasks and can not be allocated for large transformation projects.

Limited willingness to outsource – While today's HR organizations accept the use of external service providers in nearly all processes, the scope of its usage is still limited. This could change in the near future, at least for specific processes (i.e., 'Payroll & Benefits', 'Personnel Administration', and 'HR IT'). Nevertheless it seems that the magnitude of outsourcing needs to be increased significantly in order to facilitate substantial change.

Summary

It seems that even if HR top decision-makers are satisfied with the progress and performance achieved so far, they acknowledge that the environmental changes (e.g., regulatory changes, business unit demands) are forcing them to transform their organization on a larger scale. Many HR organizations seem to be ill-equipped for this transformational change. External service providers could be a viable solution to address some of the shortcomings in a cost and time effective way.

Management Communication of Complex Risk Assessment

INTEGRATING BAYESIAN BELIEF NETWORKS AND BALANCED SCORECARDS

STEFAN BLUMENBERG DANIEL HINZ

Introduction

Banks face a variety of risks every day. While financial risk management has always been a core competency, focus shifted only recently to non-financial risks. A strong motivation for this trend is the regulatory requirement of the New Capital Accord (Basel II) that obliges financial institutions to assess their operational risk level and to hold adequate equity capital. As a result, banks need to thoroughly assess these risks and decide on effective mitigation strategies. Therefore, the communication of relevant risk assessment results to top management is as essential as the prior measurement. Theory provides powerful methods for risk modeling, e.g. Bayesian Belief Networks. However, these methods are not only complex to employ but also complex to communicate to management. It is shown how causal risk modeling employing Bayesian Belief Networks (BBN) and a Risk Balanced Scorecard (BSC) can be used to assess and communicate operational risks and to simulate the effects of risk mitigation decisions. Especially IT risks resulting from disruption of business or system failures have received increasing attention as they substantially affect overall business performance. Therefore this risk category is employed as an example in the following, although the presented toolkit can be transferred to other operational risks. With this method, top management can be supported with decision-relevant information on operational risks and their impact including sensitivity analyses while the underlying sophisticated causal modeling logic of the BBN remains hidden. As the BBN and the related BSC are totally transparent towards each other, management can simulate actions on a BSC level, which have direct impact on the BBN. In turn, results appear as instant feedback in the BSC. Moreover, figures in the BSC may serve as controls for management and can be tied to an incentive system.

Methodology

Bayesian Belief Networks have been studied for management purposes for some time now and have been successfully applied within several disciplines. Their employment for operational risk management is highly advocated by current research. In contrast to classical statistics, which require large test samples to assess the likelihood of the actual occurrence of incidents, e.g. rogue trading or fire in a data center, Bayesian Belief Networks combine expert estimations and historical data in a causal model thus compensating for poor data availability. Based on this sophisticated method of risk measurement, Balanced Scorecard is used as a communication tool for the measured risks. Balanced Scorecard is one of the most important and widely adopted performance measurement methods, and especially its recently evolving usage for IT makes it an attractive tool to communicate IT risks.

Bayesian Belief Networks at work: Risks of Desktop Service Providing

Figure 1 shows a sample Bayesian Belief Network for desktop infrastructure risk that contains the major risk elements for the functioning or failure of a PC desktop system. The shown graph has the main measuring objective to calculate and communicate the percentage of desktop infrastructure uptime and downtime (1 - uptime). The nodes above the bottom node *Desktop infrastructure availability* contain the potential risk sources for desktop infrastructure failure. The edges between the nodes describe the risk dependencies. For instance, if LAN uptime drops by 1 percentage point, WAN access is reduced by the same amount. In this example *Desktop infrastructure availability* is ultimately decreased by 0,97 percentage points to 95,08%, as people working with networked applications are hindered within their work. In this way the BBN in figure 1 allows for the software based simulation of the likelihood of *Desktop infrastructure availability* dependent on the states of all pre-

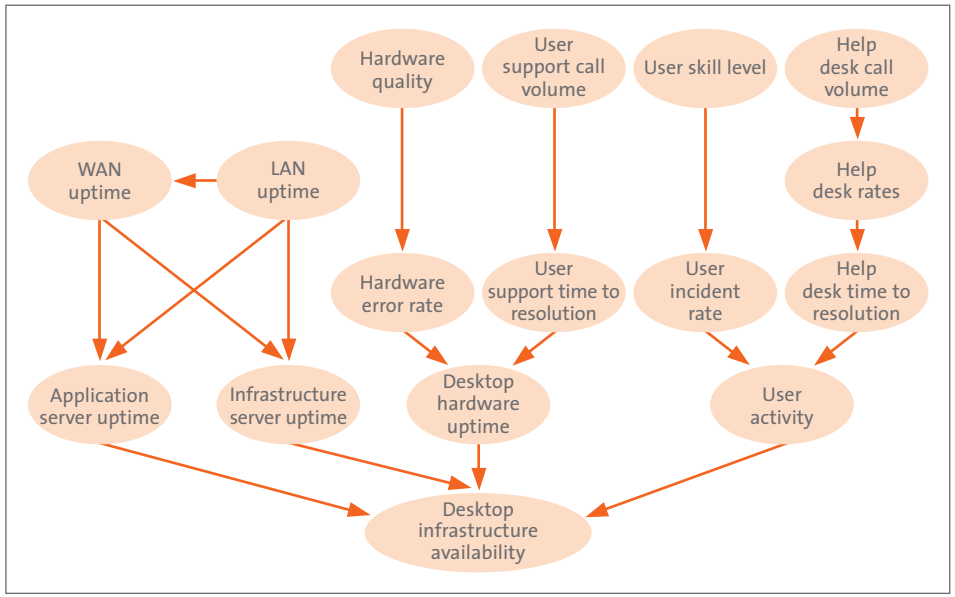

Figure 1: Bayesian Belief Network of desktop infrastructure risks.

decessors. In Bayesian statistics, the importance of individual nodes for the entire model is represented in the parameters of the nodes. But only the most important objective figures (key risk indicators) and their most important drivers (key risk drivers) are going to be communicated. All other intermediary nodes are merely simple risk indicators, which are measurable but not directly controllable. They are not a lever for management and therefore omitted in the Balanced Scorecard. So when identifying the different risk factors and their dependencies for the Bayesian Belief Network, it is important to differentiate between key risk drivers, key risk indicators, and risk indicators. As management requires decision relevant information, only the following key risk indicators and key risk drivers described in figure 1 need to be communicated to management:

Key risk drivers: WAN uptime, LAN uptime, Hardware quality, User support call volume, User skill level, Help desk call volume

Key risk indicator: Desktop infrastructure availability

Transformation of BBN to BSC

The main objective of mapping the previously presented BBN onto a BSC is to reduce information complexity. Considering that the mapped BSC will be used as a management presentation tool, all information relevant for top management must be included as described in Figure 2. The key risk indicator and drivers are distributed to four perspectives of the BSC, which are related as closely as possible to the generic BSC perspectives.

Results

Only the BSC will be presented to top management, the underlying BBN remains hidden. Both are completely transparent towards each other. The BSC is a reduced version of the BBN, containing all relevant nodes for management information and the major dependencies. The management can alter figures within the BSC, the changes link to the corresponding nodes of the BBN resulting in new calculations, which are then returned to the BSC. Without the risk indicators, which are not a lever for risk mitigation, management can focus on the important objective figure in the perspective *Objective* and the related adjusting levers in the other three perspectives of the BSC. More importantly, deviations from predetermined boundaries of the figure *Desktop infrastructure availability* can be (financially optimally) adjusted by changes of the figures within the other three BSC perspectives. Moreover, figures serve as controls for management and can be used as incentive goals. For example, increasing transparency allows control of key figures like server uptime and lower level management is incited to improve performance.

Conclusion

Current research is proposing the use of advanced causal modeling to better understand and predict operational risk. Bayesian Belief Networks (BBN) fulfill this objective as they can integrate expert judgments and historical data to model operational risks in a causal model. BBNs allow for a complex modeling of the environment at the cost of results that are difficult to present to management. To overcome this issue, a Balanced Scorecard (BSC) is used, as this is a globally established management tool. Practitioners can use this integrated approach to hide the complexity of causal models from top management deciders without sacrificing the explanatory power of these networks. Besides the primary focus for banks to control their operational risk, there are other fields of application for this method. In the outsourcing domain especially in early stages of an outsourcing project there is currently a lack of risk estimation. This method can be used to support make-or-buy decisions by comparing actual with expected risk levels by simulation, to determine adequate prices of service levels, and also for provider management (achievement of objectives). Internally, this method supports the calculation of business cases for risk mitigation measures, and when tied to an incentive system also serves as a management control.

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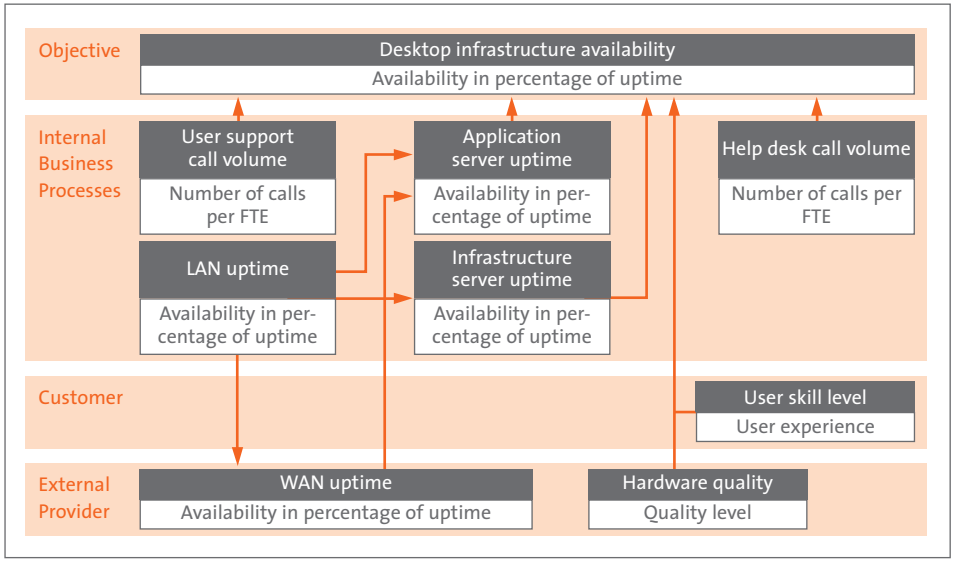


Figure 2: IT risks mapped onto a Balanced Scorecard.

A time of dramatic change requires learning by doing

Prof. John Leslie King, Ph.D.
University of Michigan, Ann Arbor

What is the role of IT in modern financial services?

Prof. King: IT is a part of our knowledge infrastructure, and plays a vital role in human enterprise. The knowledge infrastructure in schools, universities, libraries and so on is "epistemic infrastructure." It carries explicit knowledge stored as text, algorithms, and data, and has been important to financial services since record-keeping practices first evolved more than 5,000 years ago. It remains important today in sophisticated credit analysis and risk management models. Another kind of infrastructure is less visible, embedded in social conventions of practice. This "practice infrastructure" contains "tacit" knowledge that is hard to see or describe. Financial services are very dependent on practice infrastructure, and much of our knowledge of how to provide those services is hidden in routine practice. To understand the role of IT in the future of financial services, we must examine both the role of IT in established practice infrastructure, and the essential functions of financial services that will remain stable over time.

Can you give an example of what you mean?

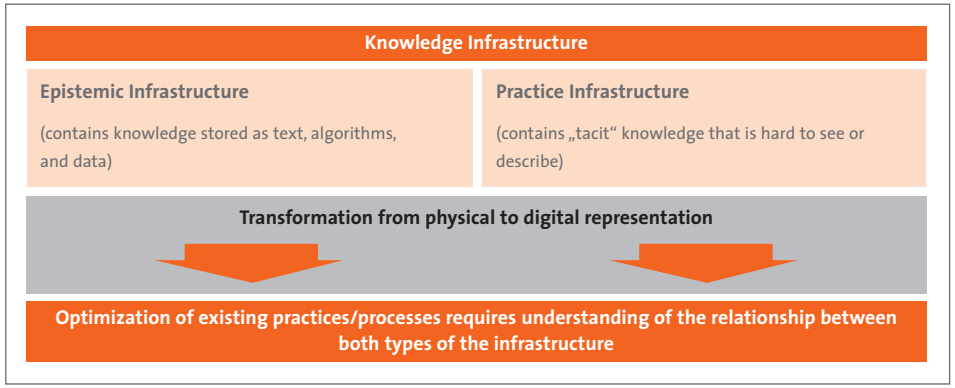
Prof. King: Security is a basic function of financial institutions. Physical security for valuable physical assets is the reason banks have vaults. The world has been shifting away from physical assets toward representational assets. This started with fiat money, and has expanded into securities and other instruments that started on paper but have now moved into electronic records systems. The need for security remains an essential function of financial services, but the focus of security has changed from the physical to the virtual. Financial institutions also serve as intermediaries in payments, account maintenance and reconciliation, liquidity, risk management, and so on. These functions used to take place on paper, but today they take place as digital representations in online transactions and computer-based records systems. The functions are largely the same, but the ways in which those functions are accomplished are changing. Designing the future of financial services poses a dilemma. On one hand, we must separate the essential functions that do not change over time from the current practice infrastructure, in order to see where existing practice falls short. At the same time, the existing practice infrastructure contains much of our tacit knowledge about the functions themselves. This is the heart of the problem facing financial service industries at this time.

What do you recommend for financial institutions in dealing with this problem?

Prof. King: If I had exact answers I would be very wealthy! My job as a researcher is to try to understand the relationship between the essential functions of financial services and the "art of the possible" created by new information technology. I get some insight from studying financial services directly, but I also learn a lot from studying other fields of work to get around the tacit knowledge problem. For example, I have learned a lot about financial service functions from studying the freight transportation sector. The insights from this research will be of use to the financial services sector, but they are not the "magic bullet" that everyone needs. This is a time of dramatic change at many levels, from the IT infrastructure to the national and international frameworks for managing financial services. To use a famous quote, "all that is solid melts into air." In situations like this, our best strategy is our oldest strategy: learning by doing. It is difficult and expensive, but it is proven.

Biography

John Leslie King stays at the J.W. Goethe University as visiting Fulbright distinguished Chair in American Studies for the summer term of 2005. He is a professor at and the dean of the School of Information at the University of Michigan in Ann Arbor. Previously, he was professor of information and computer science and management and a research scientist in the Center for Research on Information Technology and Organizations at the University of California, Irvine. King held a number of administrative and committee appointments at Irvine, including chair of the Department of Information and Computer Science. He conducted research on the development of high-level requirements for information systems design and implementation. Drawing on engineering and the social sciences, he studies the organizational and institutional forces that shape how information technology is developed.



news

Daniel Beimborn of Cluster 1 has won the Best Doctoral Submission Award for his research approach "Simulative Analysis of Causes and Effects of Cooperative Business Process Sourcing in the Banking Industry" at the international Doctoral Consortium of the 16th IRMA conference in San Diego. IRMA is the Information Resources Management Association, and this year's conference theme was "Managing Modern Organizations with Information Technology". Congratulations!

EFL book „Kreditprozess-Management"

In Juli, the EFL book „Kreditprozess-Management: Status Quo und Zukunft des Kreditprozesses bei Deutschlands 500 größten Kreditinstituten" will be released (ISBN 3-8334-3159-8).

Based on a survey with Germany's largest 519 banks, it is shown that

- only few are content with their processes,
- only 7% use a single IT system, only 22% an electronic credit file,
- sales personnel spend less than half of their working time with customers.

Outsourcing is considered a major trend. Still, many banks seem to be not well prepared. Interestingly, as part of the unanimously expected move towards specialized banks, 9 out of 10 plan to specialize on sales. At the same time, the readiness to actually outsource is limited. The book shows that only few banks have so far concretely evaluated outsourcing possibilities (private banks: 46%, credit cooperatives: 31%, savings banks: 22%).

The book discloses operational efficiency potentials for all parts of the credit lending process and identifies concepts for an optimal process configuration between in-house production and outsourcing.

ACM Multimedia TPC Meeting and Multimedia Workshop at MSR Asia

July 23-24, 2005, Beijing, China

As Fellow member of the ACM, Prof. Dr.-Ing. Ralf Steinmetz (Cluster 2) will take part at the meeting of the Technical Program Committee of the ACM at Microsoft Research Asia facilities in Beijing on the 23rd of July 2005, as well as on the Multimedia Workshop to be hold on the following day.

selected efinance lab publications

BEIMBORN, D.; FRANKE, J.; WEITZEL, T.:
Drivers and Inhibitors for Outsourcing Financial Processes – A Comparative Survey of Economies of Scale, Scope, and Skill.
In: Proceedings of the 11th Americas Conference on Information Systems (AMCIS 2005); Omaha, Nebraska, USA.

BERBNER, R.; HECKMANN, O.; MAUTHE, A.; STEINMETZ, R.:
Eine Dienstgüte unterstützende Web-Service-Architektur für flexible Geschäftsprozesse.
In: WIRTSCHAFTSINFORMATIK, 47(4), September 2005.

GELLRICH, T.; GEWALD, H:
The Impact of Perceived Risk on the Capital Market's Reaction on Outsourcing Announcements.
In: Proceedings of the Ninth Pacific-Asian Conference on Information Systems (PACIS), Bangkok, 2005.

GENSLER, S.; SKIERA, B.; BÖHM, M.:
Einsatzmöglichkeiten der Matching-Methode zur Berücksichtigung von Selbstselektion.
In: Journal für Betriebswirtschaft, 55 (1), 37-62, 2005.

WAGNER, H-T.; WEITZEL, T.:
The role of alignment for strategic information systems: extending the resource-based perspective of IT.
In: Proceedings of the 11th Americas Conference on Information Systems (AMCIS 2005); Omaha, Nebraska, USA.

electronic newsletter

Das E-Finance Lab betreibt zwei Typen von Newslettern, die beide quartalsweise erscheinen, sodass alle sechs Wochen die jeweils andere Art herauskommt. Bei dem hier vorliegenden gedruckten Newsletter steht die Beschreibung der Ergebnisse zweier Forschungsprojekte des E-Finance Lab im Zentrum – ergänzt durch ein Interview und weitere Kurzinformationen (zur Subskription senden Sie bitte eine E-Mail an: eflquarterly@efinancelab.com oder ihre Visitenkarte mit der Notiz „bitte gedruckten newsletter zusenden" an:

Prof. Dr. Wolfgang König
E-Finance Lab, Universität Frankfurt
Mertonstr. 17, 60054 Frankfurt).

Der elektronische Newsletter hingegen setzt mehr auf kurze Anmoderationen und den Einsatz von Hyperlinks zu weiterführenden Ressourcen (zur Subskription senden Sie bitte eine Mail an: *newsletter@efinancelab.com).*

Viele weitere Informationen zum E-Finance Lab finden Sie unter www.efinancelab.com.